

FISCAL NOTE
SB 2175 - HB 2671

March 15, 2004

SUMMARY OF BILL: Requires the Tennessee Board of Regents and the UT Board of Trustees to have internal auditors and to provide for a program of internal audit of the system. The program shall include direct reports by the internal auditors to the board, the State Comptroller, and the Fiscal Review Committee of audit findings and recommendations.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$125,000

Estimate based on the following:

- Assumes the bill requires an internal auditor for the TBR and UT Board of Trustees as well as the institutions. The UT board and the institutions already have internal auditors who could fulfill the requirements set out by this bill. However, the TBR would be required to hire an internal auditor for the board, the cost of which would be approximately \$125,000, including benefits and related operating expenses.
- Any cost associated with the preparation and distribution of the required reports would be not significant and could be handled within existing budgeted resources.

Note: The UT Board of Trustees currently has an audit committee and an internal auditor who reports directly to the Board and the audit committee. The TBR does not currently have an internal auditor overseeing the internal audit functions of the Board and institutions. According to the TBR, the cost of an internal auditor (\$125,000) would be absorbed through an assessment to each of the institutions under the TBR. The assessment to each institution would be prorated based on the percentage of the institution's E&G budget that would go toward internal audit functions. For example, the University of Memphis would be assessed approximately \$25,000 of the auditor's expense allocation and Dyersburg State Community College would be assessed approximately \$1,250 of this expense. It should also be noted that higher education funds do not revert back to the general fund at the end of the fiscal year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director